

AR45

**CONSOLIDATED
NICHOLSON
MINES LIMITED**

(Reevil)

1969

REPORT OF THE PRESIDENT

To the Shareholders:

SYNDICATE PARTICIPATION

Consolidated Nicholson Mines Limited has acquired a $2\frac{1}{2}\%$ interest in a syndicate which has a budget of \$1,400,000 for uranium exploration in Canada. The company received its non-assessable interest in consideration of the transfer of its Wollaston Lake exploration permit to the syndicate's portfolio. The syndicate's activities unfortunately have been jeopardized by the federal government's proposal to restrict foreign-owned equity in the Canadian uranium industry. The company has pointed out to the government the consequence of the proposed regulations and has suggested alternatives which might allow the syndicate to continue its exploration activities in Canada.

Consolidated Nicholson will carry a $16\frac{2}{3}\%$ participation in two grubstake syndicates in 1970 which will explore for large tonnage deposits of low-grade copper and nickel amenable to open pit mining methods.

GASPE

Twenty-four claims adjoining the Gaspé property of Madeleine Mines Limited were explored by geological mapping, geophysical surveys and trenching. Because of heavy financial commitments under the agreement by which the claims were held, the property was returned to the vendors.

Seven claims in Lesseps Township (Gaspé area) were pooled with three claims belonging to another company and farmed out to the Quebec Exploration Company (Soquem). Soquem fulfilled its obligations by drilling three holes with an aggregate footage of 1,102 feet. This program did not intersect commercial sulphides and your company's seven claims have been returned to it.

BEAVERLODGE

The company's Beaverlodge property continues to be held in good standing. All data regarding previous work on the claims have been submitted to Trigg, Woollett & Associates, consultants, for their review and recommendations. A decision as to the future of the property will be made when the consultants' report is received.

VAL D'OR

Three groups of claims in the Val d'Or area of Quebec were explored by electromagnetic and magnetic surveys and trenching. Two holes totalling 500 feet were drilled on one of the properties without encountering mineralization of commercial value.

NEW BRUNSWICK

Twelve claims in Restigouche County, New Brunswick, in which the company has a 90% interest have been explored by a geochemical survey. No further work on the claims is contemplated.

WORKING CAPITAL

At the year end, Consolidated Nicholson had working capital of \$70,723.

On behalf of the Board,



N. B. KEEVIL Jr.

President

June 5, 1970

CONSOLIDATED NICHOLSON

(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET -
(with comparative figures for 1968)

	ASSETS	
	<u>1969</u>	<u>1968</u>
CURRENT ASSETS		
Cash.....	\$ 10,127	\$ 7,419
Short-term deposits.....	25,000	15,000
Accounts receivable.....	15,981	72
Government of Canada Bonds, 6%, due April 1, 1971 (note 1).....	25,000	—
	<u>76,108</u>	<u>22,491</u>
Investments, at cost (no market value).....	50	50
Mining claims, leases and option (note 1).....	11,681	43,846
Deferred expenditures.....	78,058	89,090
Buildings and equipment, at nominal value.....	<u>1</u>	<u>1</u>
	<u>\$165,898</u>	<u>\$155,478</u>

AUDITORS' REPORT

To the Shareholders of
Consolidated Nicholson Mines Limited

We have examined the balance sheet of Consolidated Nicholson Mines Limited as at December 31, 1969 and the statements of deferred expenditures, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
April 10, 1970

THORNE, GUNN, HELLIWELL & CHRISTENSON
Chartered Accountants

CONSOLIDATED NICHOLSON MINES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1969

(with comparative figures for 1968)

SOURCE OF FUNDS	<u>1969</u>	<u>1968</u>
Issue of shares for cash.....	<u>\$90,000</u>	<u>\$ Nil</u>
APPLICATION OF FUNDS		
Acquisition of mining claims.....	940	3,720
Option payments.....		5,000
Exploration and administration expenditures (net) for the year.....	<u>40,084</u>	<u>27,476</u>
	<u>41,024</u>	<u>36,196</u>
Increase (decrease) in working capital.....	48,976	(36,196)
Working capital at beginning of year.....	<u>21,747</u>	<u>57,943</u>
Working capital at end of year.....	<u>\$70,723</u>	<u>\$21,747</u>

SON MINES LIMITED

(In accordance with the laws of Ontario)

DECEMBER 31, 1969

(as at December 31, 1968)

LIABILITIES

	1969	1968
CURRENT LIABILITIES		
Accounts payable and accrued liabilities.....	\$ 5,385	\$ 744

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 2)

Authorized—6,000,000 shares of no par value

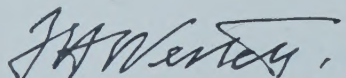
Issued —5,524,003 shares (5,164,003 shares in 1968)..... 1,780,620 1,690,620

Deficit..... 1,620,107 1,535,886

160,513 154,734

Approved by the Board

 Director.

 Director.

\$ 165,898 \$ 155,478

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1969

1. MINING CLAIMS, LEASES AND OPTION	1969	1968
7 claims in Lesseps Township, Gaspé, Quebec, acquired for cash.....	\$10,500	\$10,500
45% interest in 15 claims in Jamieson Township, Porcupine Mining Division, Ontario, acquired for 150,000 shares valued at \$8,625 and \$7,500 cash.....	—	16,125
3 mineral leases in Nicholson Bay Area of Lake Athabaska, Saskatchewan, at nominal value	1	1
24 claims in Boisbuisson Township, Gaspé, Quebec, held under option.....	—	13,500
12 claims (51 in 1968) in Tavernier, Tiblémont and Fiedmont Townships, Quebec, at staking cost.....	640	3,720
90% interest in 12 claims in Eldon Parish, Restigouche County, New Brunswick, acquired for cash.....	540	—
	<u>\$11,681</u>	<u>\$43,846</u>

During 1969 the company acquired an exploration permit in the Wollaston Lake area, Saskatchewan and in connection therewith deposited \$25,000 in Government of Canada bonds with the Province of Saskatchewan as a performance bond. Subsequently the company agreed to exchange its permit for a 2½% non-assessable interest in a syndicate formed to explore for uranium. The Government of Canada bonds remain on deposit until such time as the work requirement for their release is satisfied by the syndicate. The repayment of this amount to the Company is guaranteed.

2. CAPITAL STOCK

During the year the company issued 360,000 shares for \$90,000 cash.

CONSOLIDATED NICHOLSON MINES LIMITED

STATEMENT OF DEFERRED EXPENDITURES

Year ended December 31, 1969

(with comparative figures for 1968)

EXPLORATION	<u>1969</u>	<u>1968</u>
Engineers' and geologists' fees and expenses.....	\$ 8,815	\$ 4,601
Surveys and linecutting.....	16,085	11,884
Miscellaneous.....	8,491	6,852
	<u>33,391</u>	<u>23,337</u>
 ADMINISTRATION		
Head office administration.....	2,400	2,400
Financing expenses.....	2,358	—
Legal and audit.....	2,425	825
Shareholders' information expenses.....	1,711	1,339
Transfer agent's fees.....	2,008	1,989
Miscellaneous.....	624	326
	<u>11,526</u>	<u>6,879</u>
Deduct interest income.....	4,833	2,740
	<u>6,693</u>	<u>4,139</u>
Expenditures (net) for the year.....	40,084	27,476
Balance deferred at beginning of year.....	89,090	61,614
	129,174	89,090
Expenditures written off to deficit.....	51,116	—
Balance deferred at end of year.....	<u>\$ 78,058</u>	<u>\$ 89,090</u>

STATEMENT OF DEFICIT

Year ended December 31, 1969

(with comparative figures for 1968)

	<u>1969</u>	<u>1968</u>
Deficit at beginning of year.....	\$1,535,886	\$1,535,886
 AMOUNTS WRITTEN OFF		
Mining claims and options abandoned.....	33,105	—
Exploration expenditures thereon.....	51,116	—
	<u>84,221</u>	<u>Nil</u>
Deficit at end of year.....	<u>\$1,620,107</u>	<u>\$1,535,886</u>

CONSOLIDATED NICHOLSON MINES LIMITED

Directors

N. B. KEEVIL JR., M.Sc., Ph.D., P.Eng., Toronto, Ontario
Vice-President, Teck Corporation Limited

J. H. WESTELL, Islington, Ontario
Executive Vice-President, Keevil Mining Group Limited

R. J. WRIGHT, Toronto, Ontario
Partner, Lang, Michener, Cranston, Farquharson & Wright

R. E. HALLBAUER, Port Credit, Ontario
Vice-President, Mining, Teck Corporation Limited

J. L. MAY, B.Sc., P.Eng., Willowdale, Ontario
President, Geophysical Engineering & Surveys Limited

Officers

N. B. KEEVIL JR., *President*

J. H. WESTELL, *Vice-President*

A. F. REID, *Secretary-Treasurer*

Head Office

Suite 4900, Toronto-Dominion Centre
Toronto, Ontario

Transfer Agent and Registrar


CROWN TRUST COMPANY
302 Bay Street, Toronto, Ontario

Auditors

THORNE, GUNN, HELLIWELL & CHRISTENSON
Toronto, Ontario

Annual Meeting

June 26, 1970, 2:00 p.m. (Eastern Daylight Saving Time)
Suite 4900, Toronto-Dominion Centre, Toronto, Ontario



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CONSOLIDATED NICHOLSON MINES LIMITED

Statement of Source and Application of Funds

For Six Months Ended June 30

	1969	1968
SOURCE OF FUNDS:		
Proceeds from sale of capital stock	\$ 90,000	\$ —
APPLICATION OF FUNDS:		
Mining claims	540	—
Work deposit with Prov. of Sask. (\$25,000 Govt. of Can. — 6% bond)	24,625	—
Exploration and administration expenditures (net) for the period	14,851	10,350
	40,016	10,350
Increase or (decrease) in working capital	49,984	(10,350)
Working capital at beginning of year	21,747	57,943
Working capital at June 30	<u>\$ 71,731</u>	<u>\$ 47,593</u>

Above statement is unaudited and subject to adjustment.

Consolidated Nicholson Mines Limited

AR45



INTERIM REPORT

6 MONTHS ENDED JUNE 30, 1969

Executive Offices

Suite 4900

Toronto-Dominion Centre
TORONTO, ONTARIO

CONSOLIDATED NICHOLSON MINES LIMITED

Consolidated Nicholson's exploration activities during the period were concentrated in the Province of Quebec. An agreement was concluded with Soquem whereby that company would complete a minimum of 1,000 feet of drilling on the Tabletop Mountain South group of claims in Gaspé during 1969, with the option to spend \$230,000 prior to January 31, 1975 to earn a 90% interest in the claims. Consolidated Nicholson's 7 claims were grouped with 3 claims owned by Teck Corporation and Copperfields Mining Corporation for the purpose of the agreement. The 3 associated companies may re-acquire a 51% interest in the 10 claims at the end of the option period. Drilling will begin in September.

Geophysical surveys and prospecting are in progress on the Tabletop Mountain West group adjoining the Madeleine mine. Magnetic and electromagnetic surveys were undertaken on four properties in the Louvicourt Township area of northwestern Quebec and some follow-up work is planned.

Consolidated Nicholson has agreed to group its Wollaston Lake permits with others held by Teck Corporation and Pickle Crow Explorations as well as with a property in Blind River to form the nucleus of a long range uranium exploration syndicate. The syndicate is currently operating three gamma ray spectrometer-equipped aircraft in reconnaissance exploration for uranium from Manitoba to Quebec.

On behalf of the Board,

N. B. KEEVIL Jr.

President

August 29, 1969

CONSOLIDATED NICHOLSON MINES LIMITED

Statement of Deferred Expenditures

For Six Months Ended June 30

	1969	1968
Exploration expenditures for the period	\$ 9,294	\$ 7,122
Administration expenditures for the period		
Head office administration	1,200	1,200
Legal and audit	1,258	300
Shareholders information expenses	1,560	1,132
Transfer agent fees	1,785	1,989
Miscellaneous	1,374	272
	<u>7,177</u>	<u>4,893</u>
Deduct interest income .	1,620	1,665
	<u>5,557</u>	<u>3,228</u>
Net expenditures for the period	14,851	10,350
Balance deferred at beginning of year	89,090	61,614
Balance deferred at June 30 .	<u>\$ 103,941</u>	<u>\$ 71,964</u>

Above statement is unaudited and subject to adjustment.